KARDAN N.V.

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THIRD QUARTER AND FIRST 9M 2019 RESULTS KARDAN N.V.

Highlights 9M and Q3 2019:

Following is a summary of net profit (loss) attributable to equity holders by activity. Management evaluates performance of main segments by their operational result. Further information that includes detailed segment analysis can be found further in this report.

Net profit (loss) attributable to equity holders (In €thousands)	**9M 2019**	9M 2018	**Q3 2019**	Q3 2018
Real Estate (development and investment property)	**4,483**	**(11,605)**	**3,024**	**(4,504)**
Water Infrastructure (discontinued operations)	(18,384)	1,784	(8,526)	911
Impairment on investment in TGI	(15,985)	-	(13,985)	-
Net result for Water Infrastructure segment	**(34,369)**	**1,784**	**(22,511)**	**911**
Other – Avis (discontinued operations)	**1,472**	**908**	**-**	**-**
Total Operations	**(28,414)**	**(8,913)**	**(19,487)**	**(3,593)**
Holding (Corporate Finance and G&A)	(64,311)	(15,075)	(26,663)	(9,321)
Total	**(92,725)**	**(23,988)**	**(46,150)**	**(12,914)**

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- 9M 2019: €92.7 million net loss to equity holders (9M 2018: net loss of €24.0 million), mainly due to the negative impact of foreign exchange differences and change in the Israeli CPI on the Company's debentures of €42.4 million (9M 2018 €1.2 million positive) and losses at the Water Infrastructure activities and an impairment on the investment of Kardan in Tahal (both accounted for in discontinued operations).

- Q3 2019: €46.2 million net loss to equity holders (Q3 2018: net loss of €12.9 million), including €19.8 million negative impact as a result of foreign exchange translation differences of the EUR versus the NIS and change in Israeli CPI on the Company's debentures (Q3 2018 €3.6 million negative impact), a loss of €8.5 million of the water infrastructure activities, and a €14 million impairment of Kardan's investment in Tahal.

Real Estate

- 9M 2019: considerable improvement of net profit to equity holders to €4.5 million (9M 2018: net loss of €11.6 million), as a result of delivery of apartments in both Europark Dalian (in Q3 2019) and the residential projects and improved operations at Galleria Dalian.

Water Infrastructure

- 9M 2019: €18.4 million net loss to equity holders (excluding the impairment on the investment in TGI) compared to a profit of €1.8 million in 9M 2018, mainly due to provisions for impairments and losses on projects in the amount of €13.8 million.

Other

- The completion of the sale transaction of Avis Ukraine on March 14, 2019, resulted in a gain of €1.5 million in 9M 2019 (included as part of results from discontinued operations).

- The Company did not repay the February 2018 and February 2019 scheduled payments of principal and interest to the Company's Debenture Holders (series A and B). As a result, starting February 2018 the Company is in default.

- In April 2019, each of the assemblies of Debenture Holders (series A and B) approved of the understandings reached in relation to the balance payments; following which, in June 2019, the Company carried out a partial repayment of the balance payments to Debenture Holders B in the amount of approximately €36.5 million (NIS 145 million).

- In August 2019 the Company has signed a non-binding letter of intent – which was revised in October 2019 - with FIMI Funds regarding an investment transaction in Tahal in exchange for issued shares that will grant the investor a controlling stake in Tahal. The negotiations are still on-going.

Ariel Hasson, CEO of Kardan NV:

"The results of Kardan continues to be burdened by foreign exchange movements as well as project difficulties and consequent write-downs in our Water Infrastructure activities. During the quarter Tahal was awarded a second contract in Kazakhstan and we see developments in Angola progressing. Also, the efficiency measures that were taken are starting to bear fruit. However, Tahal made significant losses in the first nine months of the year. Consequently, due to Tahal's financial position and the fact that we are still in discussions regarding a potential investment in Tahal, the board of directors of Kardan decided to significantly impair the investment value of Tahal in Kardan's books.

On a positive note, we are very pleased with the continued positive performance of our Real Estate activities in China. In the first nine months of the year there was a high delivery of residential units in the Europark project and the performance of the shopping mall, Galleria Dalian, further improved. The net operating income of Galleria Dalian also continues to improve and reached a €1 million quarterly result. We estimate that the healthy development of the mall will continue in the coming quarters. The total Real Estate segment significantly increased the operational result from an operational loss of € 0.9 million last year to a profit of € 12.0 million in the first nine months of 2019.

The Company is in close cooperation with the representatives of the debenture holders on various matters surrounding the operation of the Company and the subsidiaries. To date, there has not been further material progress on the matter of the debt settlement."

Condensed Interim Consolidated Income Statement Kardan N.V.

By quarter (in € thousands)

	9M 2019	9M 2018	Q3 2019	Q3 2018	12M - 2018
Total revenues	42,421	74,076	33,155	5,468	79,458
Total expenses	(40,607)	(79,173)	(29,175)	(6,916)	(85,173)
Profit (loss) from operations before fair value adjustments, disposal of assets and financial expenses	1,814	(5,097)	3,980	(1,448)	(5,715)
Loss from fair value adjustments and disposal of assets and investments, net	(131)	(2,105)	(19)	-	(7,103)
Result from operations before finance expenses	**1,683**	**(7,202)**	**3,961**	**(1,448)**	**(12,818)**
Financing income (expenses), net	(67,362)	(19,680)	(27,933)	(11,905)	(23,703)
Share of profit of investments accounted for using the equity method	6.404	1,860	773	(66)	1,491
Profit (loss) before income tax	(59,275)	(25,022)	(23,199)	(13,419)	(35,030)
Income tax (expenses) / benefit	(553)	(1,658)	(440)	(406)	605
Profit (loss) from continuing operations	**(59,828)**	**(26,680)**	**(23,639)**	**(13,825)**	**(34,425)**
Profit (loss) from discontinued operations	(34,850)	4,926	(22,324)	1,413	(311)
Profit (Loss) for the period	**(94,678)**	**(21,754)**	**(45,963)**	**(12,412)**	**(34,736)**
Attributable to:					
Non-controlling interests	(1,953)	2,234	187	502	2,039
Net result for equity holders	**(92,725)**	**(23,988)**	**(46,150)**	**(12,914)**	**(36,775)**
Other Comprehensive income (expense)	(1,278)	(14,920)	(623)	(11,122)	(12,837)
Total Comprehensive expense attributable to Kardan equity holders	**(94,003)**	**(38,908)**	**(46,773)**	**(24,036)**	**(49,612)**

Overall summarized review of Q3 and 9M 2019 results

The consolidated net loss attributable to equity holders in Q3 2019 amounted to €46.2 million (Q3 2018: €12.9 million), bringing the result for the first nine months of 2019 to a consolidated net loss attributable to equity holders of €92.7 million (9M 2018: €24 million net loss).

The loss is mainly the result of high financing expenses due to the depreciation of the EUR versus the NIS, and the impact of the Israeli CPI on the Company's debentures. This had a negative impact of €42.4 in 9M 2019, versus a positive impact of €1.2 million in 9M 2018. The losses of the infrastructure activities in 9M 2019 (discontinued operations), mainly as a result of impairment of a project loan and loss-making projects, as well as the impairment on Kardan's investment in Tahal in the amount of € 16 million, also impacted results negatively.

Revenues of the Real Estate activities came in at €42.4 million in 9M 2019, mainly driven by the delivery of 141 apartments in building C2 in the Europark Dalian project. Accordingly, in Q3 2019, revenues increased significantly to €33.2 million compared to €5.5 million in Q3 2018. Last year revenues for the first nine months amounted to €74.1 million when the full Building B in the Europark Dalian project was delivered. The positive operational developments at the Galleria Dalian is reflected in an increase in rental revenue from €4.2 million in 9M 2018 to €6.7 million in 9M 2019. Share of profit of the joint venture residential projects increased in 9M 2019 due to a higher delivery of residential units and amounted to €6.4 million (€1.9 million in 9M 2018).

Overall, this resulted in a total operational profit of €12 million for the Real Estate segment in 9M 2019 (9M 2018: operational loss of €0.9 million). Although financing expenses decreased compared to last year due to the partial early repayment of the Dalian loan in Q3 last year and Q3 this year, they are still at a high level at the expense of the operational improvement. The net result came in at a profit of €4.5 million compared to a loss of €11.6 million in 9M 2018.

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Revenues of the water infrastructure activities – included in 'discontinued operations' – remained stable in 9M 2019 and amounted to €117.9 million compared to €117.1 million in 9M 2018. The gross profit decreased compared to 9M 2018 due to a mix of projects with relatively lower profitability, and a provision for loss on a project. The lower gross profit was mitigated by savings in SG&A expenses compared to 9M 2018. High finance expenses and provisions – mainly for impairments - resulted in a total loss attributable to equity holders of €18.4 million in 9M 2019 compared to a profit of €1.8 million in 9M 2018.

In August 2019 the Company signed a letter of intent (LOI) with FIMI Funds for an investment transaction in Tahal in exchange for issued shares that will grant the investor a controlling stake in Tahal. In October 2019 the Company announced it has received a revised LOI from FIMI Funds, outlining the envisaged investment which reflects a company value of US$15 million for Tahal. Notwithstanding the timelines set out in the LOI, as of the date of this report, a binding agreement has not yet been signed and there is no certainty regarding engaging in such agreement and / or its terms. As a result of the uncertainties related to the terms of future investment in Tahal, and due to the financial position of Tahal, the board of directors of Kardan has decided to impair the value of the investment in Tahal in the financial statements of Kardan. Accordingly, as of September 30, 2019 the investment of the Company in TGI is presented in a value immaterial to Kardan's financial statements. In this respect, also future inflows from Tahal are not taken into account in the cash flow forecast of Kardan. Once an investment transaction in Tahal will materialize, the Company will adjust the carrying amount of its investment in Tahal to reflect such value. The impairment, amounting to €16 million in 9M 2019 (Q3 2019: €14 million) is presented in the results from discontinued operations in Kardan's profit and loss account. It is noted that on November 11, 2019 the meeting of Debenture Holders A has resolved to approach potential investors to submit proposals for an investment transaction in TGI.

Taking into account the direct equity impact of foreign currency translation differences combined with the net result, the total comprehensive expense to Kardan NV's shareholders amounted to €94 million in 9M 2019 compared to a comprehensive expense of €38.9 million in 9M 2018. The total comprehensive expense was mainly a result of the loss for the period.

Equity

Kardan N.V. (company only, in €thousands)	**September 30, 2019**	**December 31, 2018**
Total Assets	307,500	351,188
Total Equity (deficit)	(153,500)	(59,497)
Equity/Total assets (%)	(49.9%)	(16.9%)

The deficit in shareholders' equity of Kardan N.V. increased from a deficit of €59.5 million as of December 31, 2018 to a deficit equity of €153.5 million as of September 30, 2019, due to the loss in the period, which is – as mentioned – mainly the result of the heavy finance costs and the losses of TGI.

Negotiations with debenture holders

Since the Company did not repay the principal and interest payments which were due in February 2018 (as announced on January 11, 2018) and February 2019, the Company is in default according to the Deed of Trust as of February 2018. Accordingly, as of March 31, 2018 and until the repayments to the debenture holders are rescheduled, the debentures are presented as current liabilities.
In April 2019, each of the assemblies of Debenture Holders (series A and B) approved of the understandings reached in relation to the balance payments; following which, in June 2019 the Company carried out a partial repayment of the balance payments to Debenture Holders B in the amount of approximately €36.5 million (NIS 145 million).
The Company and the Debenture Holders are still in discussions, although there was only limited advancement in the last quarter. In addition, in accordance with the information provided to the Company, the representatives of the Debenture Holders intend to move forward with the debt settlement only after progress has been made in the completion of the transaction in TGI.

Covenants

The Company did not meet the debt coverage ratio financial covenant as defined in the Deeds of Trust for the eighth consecutive quarter. In addition, at September 30, 2019 certain Group companies did not meet their financial covenants for which waivers have been received from the lending banks after the balance sheet date.

Financial position and going concern

In their review report as of September 30, 2019, the auditors draw the attention to the existence of a material uncertainty which may cast significant doubts about the Company's ability to continue as a going concern, due to - among others - the Company's inability to meet the February 2018 and 2019 payment to the debenture holders. As mentioned, as at the date of this report, the Company is in negotiations with the debenture holders (series A and B) regarding a debt settlement principally relating to the rescheduling of the payments to the debenture holders. However, there is no certainty as to the results of these discussions. For additional information see section 3 of the Report of the Board of Directors regarding the cash flow forecast. In addition, please refer to notes 2 and 8 to the Condensed Interim Consolidated Financial Statements of the Company in relation to the investment in Tahal.

Highlights per activity:

REAL ESTATE

Kardan is active in development and management of Real Estate in China through its 100% indirect subsidiary Kardan Land China Ltd. ('KLC'). In order to better reflect the underlying activities, the Company presents the results of the Real Estate activity as two operational segments: Real Estate - Development and Real Estate - Investment Property. The Real Estate - Investment Property segment only includes the results of operation of the Galleria Dalian shopping mall; the Real Estate - Development segment includes the results of the residential development of the Europark Dalian project as well as the results of residential real estate projects under joint control.

Results

In €thousands	For the 9 months ended September 30,		For the 3 months ended September 30,		For the year ended December 31,
	2019	**2018**	**2019**	**2018**	**2018**
Real Estate - Development					
Sale of apartments	35,720	69,868	30,758	4,002	73,634
Cost of sales	(30,501)	(66,610)	(26,314)	(2,317)	(69,226)
Gross Profit	**5,219**	**3,258**	**4,444**	**1,685**	**4,408**
SG&A expenses	(2,002)	(2,148)	(893)	(772)	(2,687)
Gain from disposal of fixed assets and investments, net	-	-	-	-	2,278
Equity earnings (losses)	6,404	1,860	773	(66)	1,491
Operational profit - Real Estate Development segment	**9,621**	**2,970**	**4,324**	**847**	**5,490**
Real Estate - investment Property					
Rental revenues	6,701	4,208	2,397	1,466	5,824
Cost of rental revenues	(2,831)	(2,694)	(942)	(906)	(3,738)
Gross Profit	**3,870**	**1,514**	**1,455**	**560**	**2,086**
SG&A expenses	(1,372)	(3,242)	(391)	(1,401)	(4,366)
Adjustment to fair value (impairment) of investment property	(131)	(2,105)	(19)	-	(8,610)
Operational profit (loss) - Real Estate Investment Property segment	**2,367**	**(3,833)**	**1,045**	**(841)**	**(10,890)**
Total operational profit (loss) - Real Estate	**11,988**	**(863)**	**5,369**	**6**	**(5,400)**
Other unallocated expense	(1,646)	(1,776)	(544)	(548)	(2,311)
Profit (loss) before finance expenses and income tax	**10,342**	**(2,639)**	**4,825**	**(542)**	**(7,711)**
Finance expenses, net	(5,403)	(7,474)	(1,389)	(3,619)	(10,517)
Tax benefits (expenses)	(456)	(1,492)	(412)	(343)	835
Profit (Loss) for the period – attributed to Company's shareholders	**4,483**	**(11,605)**	**3,024**	**(4,504)**	**(17,393)**

Additional information - Kardan Land China

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2019	2018	2019	2018	2018
Operational Information					
Revenue Residential - JV (in €thousands)	34,506	20,791	9,923	5,096	24,505
Gross profit residential - JV (in €thousands)	12,860	6,514	2,560	1,326	8,464
Apartments sold in period (a)	481	695	192	145	842
Apartments delivered in period (b)	1,084	627	544	66	649
Total apartments sold, not yet delivered at balance sheet date (c)	1,268	1,750	1,268	1,750	1,896

(a) All residential apartments, incl. Dalian (100%).
(b) In 9M 2019 141 apartments were delivered in the Dalian project compared to 291 apartments in 9M 2018.
(c) KLC share in the gross profit from apartments sold is €36.8 million as of September 30 2019.

Units sold in the period	For the nine months ended, September 30		For the three months ended, September 30		For the year ended, December 31
	2019	2018	2019	2018	2018
100% owned					
Europark Dalian	60	97	38	27	105
Joint Venture projects*					
Olympic Garden	116	277	32	57	295
Suzy	184	230	92	36	230
Palm Garden	1	13	1	-	13
City Dream	120	78	2	25	199
	421	598	127	118	737
Total	**481**	**695**	**165**	**145**	**842**

Real Estate – Development

The Real Estate Development segment relates to the residential projects of Europark Dalian and the joint venture residential projects. Revenue of the segment relates to the apartments in the Europark Dalian project, the contribution of joint venture projects is presented as equity earnings.

In the third quarter of 2019, 141 apartments were delivered in building C2 of the Europark Dalian project. In 9M 2018 there were 291 deliveries (including the delivery of building B as one block, and 29 units in building A). In addition, some revenue was recognized related to progress in construction of certain apartments.

The SG&A expenses remained stable at €2 million in 9M 2019, compared to €2.1 million in 9M 2018.

The residential activities from joint venture projects contributed a profit of €6.4 million in 9M 2019 (equity earnings), compared to a profit of €1.9 million in 9M 2018, due to higher deliveries of apartments, mainly in H1 2019.

The delivery of apartments in the Dalian project in Q3, combined with a higher contribution of the joint venture projects resulted in a strong increase in profit from operations, from €3 million in 9M 2018 to €9.6 million in 9M 2019.

The total number of units in inventory decreased from 3,265 as at December 31, 2018 to 2,376 as at September 30, 2019. The number of unsold units in inventory (including the inventory of joint venture projects) decreased to 1,108 as at September 30, 2019 (1,391 as at December 31, 2018). The rate of unsold units for which construction was completed increased from 9% in December 31, 2018 to 13% in September 30, 2019.

Real Estate – Investment Property

The Real Estate Investment Property segment relates to the results of operation of the Galleria Dalian shopping mall.

In 9M 2019 the result of the Investment Property segment came in at a profit of €2.4 million (loss of €3.8 in 9M 2018).

The continued positive operational trends at the shopping mall Galleria Dalian resulted in increased revenues of the Investment Property segment to €6.7 million in 9M 2019 (9M 2018: €4.2 million). The occupancy level and opening rate continue to improve and stand at 91.5% and 87% respectively as at September 30, 2019.

These positive trends also resulted in a considerable increase of the gross margin from 36% in 9M 2018 to 58% in the first nine months of 2019.

SG&A considerably decreased from €3.2 million in 9M 2018 to €1.4 million in 9M 2019, mostly due to lower marketing costs.

Investment property solely represents the Galleria Dalian shopping mall, the value of which increased by approximately €2.6 million compared to December 31, 2018, which is mostly due to the appreciation of the RMB versus the EUR.

Real Estate - Total

The above resulted in a significantly higher operational profit of the Real Estate activities of €12 million in 9M 2019 compared to €0.9 million operational loss in 9M 2018.

'Financing expenses, net amounted to €5.4 million in the 9M 2019 compare with €7.5 million in the 9M 2018. The finance expenses are mainly interest expenses related to the Europark Dalian project loan. The decrease is attributable to the partial early repayments in Q3 2018 and in Q3 2019. Financing expenses also included a small positive foreign exchange impact of €0.5 million, which was in line with last year's positive impact.

Income tax expenses in 9M 2019 amounted to €0.5 million (9M 2018 expenses of €1.5 million included land appreciation tax).

The net profit for the real estate segment in 9M 2019 amounted to €4.5 million (9M 2018: €11.6 million loss).

Additional balance sheet information - Kardan Land China

	2019 (30.9)	**2018 (31.12)**
(in € thousands)		
Real Estate – Development		
Share of investment in JVs	40,965	37,568
Inventory	51,515	63,980
Real Estate – Investment Property		
Investment Property	216,152	213,577
Cash & short-term investments	34,136	44,517
Total Assets	392,152	403,361
Loans and Borrowings	95,699	100,800
Advance payments from buyers (**Real Estate – Development)**	17,807	32,486
Total Equity	220,723	213,784

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WATER INFRASTRUCTURE (TGI) - Discontinued operations

The results of Tahal Group International B.V. ('TGI' or 'Tahal), Kardan's water infrastructure company, are presented under `Profit (loss) from discontinued operations - TGI`.

TGI focuses on executing water and agriculture related projects worldwide in Africa, Central and Eastern Europe, Asia (mainly in Israel and India) and in other regions.

In € thousands	For the nine months ended, September 30		For the three months ended, September 30		For the year ended December 31,
	2019	2018	2019	2018	2018
Contract revenues	117,936	117,114	39,122	43,437	175,397
Contract cost	(110,459)	(97,848)	(40,075)	(37,212)	(148,338)
Gross profit	7,477	19,266	(953)	6,225	27,059
SG&A expenses	(9,044)	(12,567)	(3,494)	(3,880)	(16,269)
Other operational income (expenses)	(13,891)	(117)	(3,738)	367	378
Share of profit (loss) of investments accounted for using the equity method	935	(565)	3,320	(273)	(2,900)
Result from operations before financing expenses	**(14,523)**	**6,017**	**(4,865)**	**2,439**	**8,268**
Financing income (expenses), net	(6,354)	(875)	(3,071)	(205)	(4,209)
Income tax benefit (expenses)	541	(1,124)	(402)	(821)	(1,955)
Net profit (loss)	**(20,336)**	**4,018**	**(8,338)**	**1,413**	**2,104**
Impairment on investment in TGI	(15,985)	-	(13,985)	-	-
Net result for Water Infrastructure segment	**(36,321)**	**4,018**	**(22,323)**	**1,413**	**2,104**
Attributable to:					
Non-controlling interest holders	(1,952)	2,234	188	502	2,039
Equity holders (Kardan N.V.)	**(34,369)**	**1,784**	**(22,511)**	**911**	**65**
	(36,321)	4,018	(22,323)	1,413	2,104

Additional Information Water Infrastructure	**2019 (30.9)**	**2018 (31.12)**
Balance sheet (in € thousands)		
Cash & short term investments	9,468	13,974
Total Assets	216,414	227,894
Net debt	(50,377)	(37,526)
Equity	16,934	40,936
Equity / Assets	7.8%	17.9%
Other (in USD million)		
Backlog	692.2	687.4

During 9M 2019 the Water Infrastructure segment resulted in a loss attributable to equity holders of €34.4 million, compared to a profit of €1.8 million in 9M 2018.

Revenues in 9M 2019 remained stable and amounted to €117.9 million compared to €117.1 million in 9M 2018.

The gross margin decreased to 6.3% in 9M 2019 compared to 16.4% in 9M 2018 following delays in projects in Africa with a relatively higher profitability and a provision for loss on a project.

Other operational expenses significantly increased to €13.9 million in the nine months of 2019 compared to €0.1 million in 9M 2018, and primarily include provisions for impairments, including on an outstanding debt (€8 million) and for doubtful debts (€4.7 million). Combined with the said decrease in gross profit, the operational results decreased to €14.5 million loss in 9M 2019 compared to €6.0 million profit in 9M 2018.

Share of profit of investments accounted for using the equity method increased to €0.9 million in 9M 2019 (€0.6 million loss in 9M 2018).

Financing expenses increased significantly from €0.9 million in 9M 2018 to €6.4 million in 9M 2019, mostly due to interest expenses on utilization of credit lines and foreign exchange differences.

The net loss attributable to equity holders of the water infrastructure operations came in at € 18.4 million for 9M 2019 (9M 2018: € 1.8 million profit). The impairment on Kardan's investment in Tahal in the amount of €16 million in 9M 2019, brings the total loss attributable to equity holders to € 34.4 million for 9M 2019.

In 9M 2019 the water infrastructure activities generated negative cash flow from operating activities of €11 million.

Equity of TGI decreased mainly due to the loss for the period.

Order backlog:
In 9M 2019, Tahal Group commenced activities in the Kazakhstan market, and in April 2019 won its first project in this country. A second project was awarded in July 2019 related to an irrigation and drainage system upgrade and expansion project near the Kyzylkum Desert in the state of Kazakhstan together with a local partner (30%). The project consideration amounts to US$47.6 million (€42.7 million), of which Tahal's share is approximately US$33.3 million. In addition, Tahal was awarded its 15th project in India.
In total, new orders amounting to US$134.2 million were booked in 9M 2019.
As at September 30, 2019 the order backlog amounted to US$692.2 million (December 31, 2018 US$687.4 million).

CORPORATE HOLDING AND OTHER

In € thousands	For the nine months ended, September 30		For the three months ended, September 30		For the year ended December 31,
	2019	**2018**	**2019**	**2018**	**2018**
Corporate expenses:					
General and administration expenses	(2,255)	(2,703)	(91)	(1,071)	(3,616)
Financing income (expense), net	(61,960)	(12,206)	(26,545)	(8,213)	(13,186)
Income tax expenses	(97)	(166)	(28)	(37)	(230)
	(64,312)	**(15,075)**	**(26,664)**	**(9,321)**	**(17,032)**
Other activities:					
Equity earnings (Avis Ukraine - discontinued operations)	1,472	908	-	-	(2,415)

Corporate expenses:

G&A expenses in 9M 2019 decreased to €2.3 million compared to €2.7 million in 9M 2018.

Financing expenses increased to €62.0 million in 9M 2019, compared to €12.2 million in 9M 2018. Following the depreciation of the EUR compared to the NIS there was a very significant negative impact of foreign exchange differences and the Israeli CPI on the Company's debentures, which are denominated in NIS. The negative impact amounted to €42.4 million in 9M 2019 compared to a positive impact of €1.2 million in 9M 2018; in Q3 2019 the negative impact amounted to €19.8 million (Q3 2018: €3.6 million negative).

Other activities

Other activities consisted of equity earnings from the Company's holding in Avis Ukraine joint venture. Following the completion of the sale transaction of the Company's holding in Avis Ukraine in Q1 2019, a gain of €1.5 million was recorded, comprising a €1.3 million release of capital translation reserve and a reversal of impairment loss recorded in Q4 2018 of €0.2 million.

DISCLAIMER

This press release contains forward-looking statements and information, for example concerning the financial condition, results of operations, businesses and potential exposure to market risks of Kardan N.V. and its group companies (jointly “Kardan Group”). All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements (including “forward looking statements” as defined in the Israeli Securities Law). Forward-looking statements are statements of future expectations that are based on management’s current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. These forward-looking statements are identified by the use of terms and phrases such as ‘‘anticipate’’, ‘‘believe’’, ‘‘could’’, ‘‘estimate’’, ‘‘expect’’, ‘‘intend’’, ‘‘may’’, ‘‘plan’’, ‘‘objectives’’, ‘‘outlook’’, ‘‘probably’’, ‘‘project’’, ‘‘will’’, ‘‘seek’’, ‘‘target’’, ‘‘risks’’, ‘‘goals’’, ‘‘should’’ and similar terms and phrases. A variety of factors, many of which are beyond Kardan Group’s control, affect our operations, performance, business strategy and results and could cause the actual results, performance or achievements of Kardan Group to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. For Kardan Group, particular uncertainties arise, amongst others but not limited to and not in any order of importance, (i) from dependence on external financing with the risk that insufficient access to capital threatens its capacity to repay its debts, grow, execute its business model, and generate future financial returns (ii) from not reaching agreements with third parties (iii) from concentration of its business in Central Eastern Europe, Africa, India and China as a result of which Kardan Group is strongly exposed to these particular markets (iv) from risks related to the financial markets as a result of Kardan N.V.’s listings on Euronext Amsterdam and the Tel Aviv Stock Exchange and (v) from it being a decentralized organization with a large number of separate entities spread over different geographic areas in emerging markets, so that Kardan Group is exposed to the risk of fraudulent activities or illegal acts perpetrated by managers, employees, customers, suppliers or third parties which expose the organization to fines, sanctions and loss of customers, profits and reputation etc. and may adversely impact Kardan Group’s ability to achieve its objectives, (vi) from any deterioration in the financial position and results of operations of the subsidiaries and (vii) from any of the risk factors specified in Kardan N.V.’s Annual Report to be published in April and in the related “Periodic Report” (published by Kardan N.V. in Israel), and which is also available at the Kardan website. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant forward-looking statement as expected, anticipated, intended, planned, believed, sought, estimated or projected. Kardan N.V. does not intend or assume any obligation to update or revise these forward-looking statements in light of developments which differ from those anticipated.

About Kardan

Kardan identifies and develops assets in promising emerging markets, mainly in Asia (predominantly China), Africa and selected CEE and CIS countries. Its activities are mainly focused on two sectors that benefit from the rising middle class: Real Estate and Water Infrastructure. Company headquarters are in the Netherlands. Kardan aims at holding controlling interests in its investments and is actively involved in the definition and implementation of their strategy through its local business platforms. Total assets as of September 30, 2019 amounted to €570,318 thousands. Kardan is listed on Euronext Amsterdam and the Tel Aviv Stock Exchange.

The Directors’ Report including the condensed interim consolidated financial statements, drawn up in line with the Dutch and Israeli regulations, are presented in a separate document and form an integral part of this release.

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“This press release contains regulated information (gereglementeerde informatie) as defined in the Dutch Act on Financial Supervision (Wet op het financieel toezicht)”